

Education and Workforce Development Cabinet

Kentucky's unemployment rate drops to 7.4 percent in June 2014

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FRANKFORT, Ky. (July 17, 2014) — Kentucky's seasonally adjusted preliminary unemployment rate for June 2014 dropped to 7.4 percent from a revised 7.7 percent in May 2014, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary June 2014 jobless rate was 1.0 percentage points below the 8.4 percent rate recorded for the state in June 2013.

The U.S. seasonally adjusted jobless rate fell to 6.1 percent in June 2014 from 6.3 percent a month ago, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates from the Current Population Survey of households. It is designed to measure trends rather than to count the actual number of people working. It includes jobs in agriculture and those classified as self-employed.

In June 2014, Kentucky's civilian labor force was 2,050,841, a decrease of 11,845 individuals compared to the previous month. Employment was down by 6,163, and the number of unemployed declined by 5,682.

"Labor force participation has been on the decline in both Kentucky and the nation. The strongest driver for people leaving the labor force is demographics and an upsurge in the stock market. As their portfolios recover more and more people are choosing to retire," said economist Manoj Shanker of the OET.

In a separate federal survey of business establishments that excludes jobs in agriculture and people who are self-employed, Kentucky's seasonally adjusted nonfarm employment increased by 2,400 jobs in June 2014 from the month before, and by 20,300 positions since June 2013.

"Nonfarm employment has seen slow, but steady growth over the last five months," said Shanker.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, five of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while five declined from the previous month and one sector remained the same.

Private sector employment was up by 3,700 over the month to 1,515,400. Goods producing industries gained 400 jobs, while private service-providing services added 3,300 jobs.

Kentucky's professional and business services expanded by 3,500 positions in June 2014 from a month ago for a growth of 1.7 percent. The year-over-year gain was also substantial with the addition of 9,100 jobs, or 4.6 percent. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services and payroll processing. All the month-to-month gains came from the sub-sector associated with temporary employment services.

"Strong growth in temporary services jobs is typically an indicator that permanent jobs are in the pipeline," said Shanker. "Part of the monthly swing in the job market from sector to sector is due to temp services. For example, when temporary employees work at a hospital as nurses and lab technicians, they are categorized as temporary services in the business services sector. When these temps get full-time employment at the hospital, they are then categorized in the health services sector."

The trade, transportation and utilities sector gained 2,400 jobs in June 2014 from a month ago. From a year ago, employment has grown by 4,000 jobs, or 1.1 percent. This is the largest sector in Kentucky accounting for one-fifth of all nonfarm jobs. More than half of these jobs are in the retail trade sector, which posted an increase of 1,300 positions. The rest of the jobs increase was in wholesale and warehousing.

Kentucky's manufacturing sector gained 1,700 jobs in June 2014 compared to the previous month. Since June 2013, net employment in manufacturing has declined by 500 jobs.

"The strong job growth in June is almost entirely in the durable goods sector, especially in the motor vehicle and parts business," said Shanker.

The information sector gained 900 jobs in June 2014. This segment has gained 700 positions since June 2013. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

The financial activities sector posted an increase of 300 jobs from a month ago. The sector has contracted by 2.6 percent during the last 12-months with the loss of 2,300 jobs.

Employment in the mining and logging sector remained flat from May 2014 to June 2014. The industry has had stable job growth over the last 15 months, following a steep decline during 2012.

Employment in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, was down by 200 positions in June from a month ago. This sector posted an increase of 800 jobs from a year ago.

Employment in the educational and health services sector posted a decline of 900 positions in June 2014, and an overall gain of 3,200 jobs over the year. Health care jobs account for nearly 90 percent of employment in this sector and had a month-to-month decline of 400 jobs, but expanded by 2,800 positions over the year.

The construction sector posted a seasonally adjusted drop of 1,300 jobs in June 2014 from a month ago. Since June 2013 employment in construction has declined by 2,400 positions.

The government sector, which includes public education, public administration agencies and state-owned hospitals, lost 1,300 jobs in June 2014, and posted an increase of 2,400 positions compared to June a year ago.

Kentucky's leisure and hospitality sector declined by 2,700 positions in June 2014 from a month ago. Since June 2013, this sector has grown by 5,200 jobs for an increase of 2.9 percent. This sector includes arts, entertainment, recreation, accommodation and food services.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about Kentucky labor market information at www.kylmi.ky.gov.